



SECOND  
QUARTER 2020

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EAST BAY  
INDUSTRIAL  
REPORT

# VACANCY & RENTS



## Industrial Market Sees Activity Amid Uncertainty

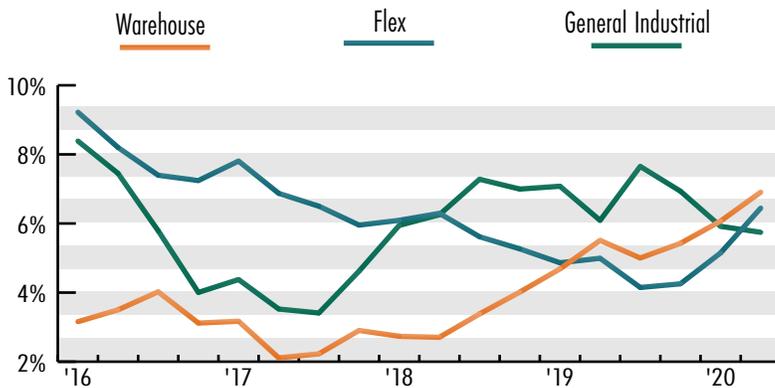
Amid soaring economic instability, and reopening delays at the state, county, and citywide level, the East Bay industrial market witnessed additional contraction and a few bright spots. The Bridge development in Oakland, formerly home to General Electric, has begun construction, and once completed (expected delivery 2021), it will be the single largest industrial development in the City of Oakland and the largest in the Bay Area region.

While soaring rents and low vacancy had characterized the East Bay industrial market over the past several years, tenants continue to circle the market looking for ample space for last-mile logistics and manufacturing of goods. There have been significant constraints on the

supply chain as consumers shift almost completely away from brick and mortar due to pandemic restrictions. The barrier to entry with most tenants and owner/users had been values and adequate workers, however the shift in the economy has created somewhat of a paradigm for blue-collar workers. Also, previous trends such as the shift of manufacturing and logistics from the inner Bay to Central Valley have increased two fold.

Net absorption reported negative 990,941 square feet with more than two million square feet of supply under construction. Manufacturing vacancy decreased to 5.7% in Q2 2020, R&D/flex increased to 6.4% and warehouse to 6.9%.

### VACANCY RATES BY PRODUCT | Physically Vacant Space

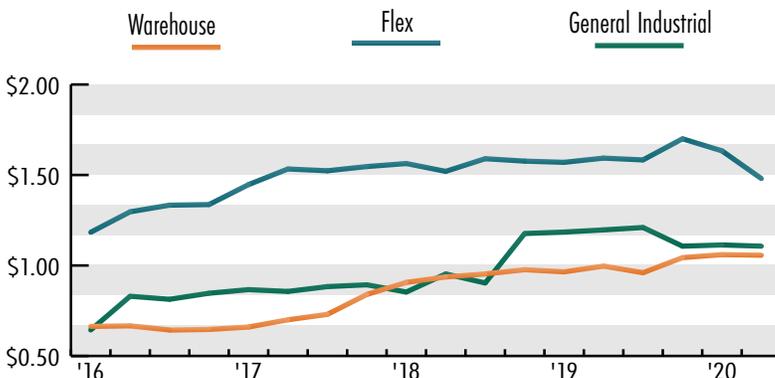


Change in Vacancy (YoY)



**+1.07%**

### AVERAGE RENTAL RATES | Triple Net



Change in Rents (YoY)



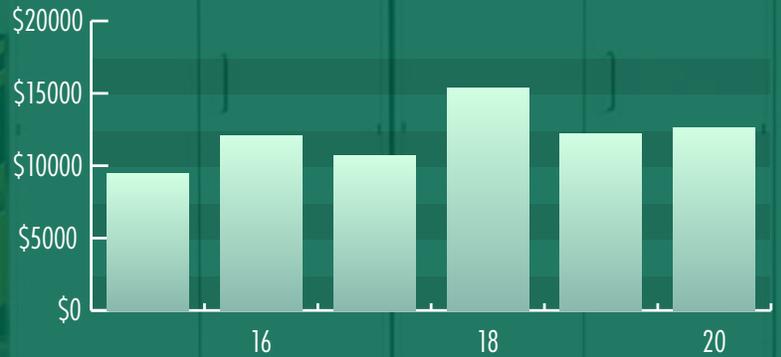
**-4.78%**

# ECONOMY & INVESTMENT

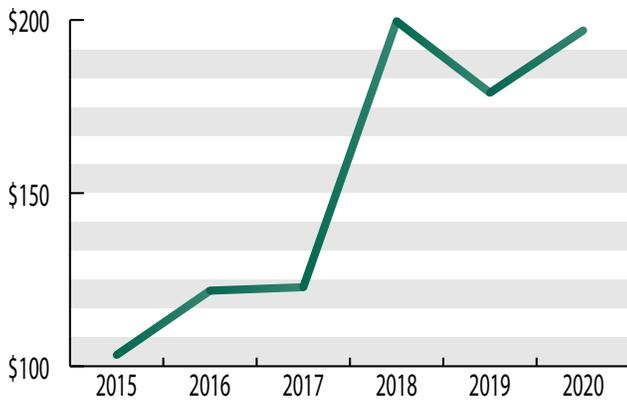


The East Bay industrial investment market held strong with the average sales price per square foot up at \$197 from \$179 last year. In two of the largest transactions this quarter Westcore Properties purchased a 155,000-square-foot warehouse at 8380 Pardee Drive in Oakland. Demody Properties took over 171,630 square feet of warehouse for \$196 per square foot at 206 Goodrick Avenue in North Richmond.

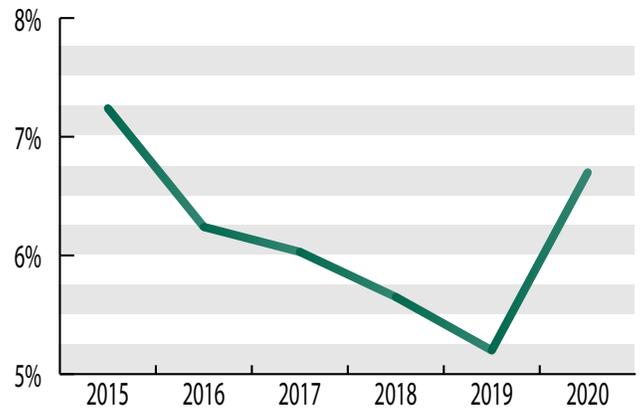
Investment Volume (Millions)



## SALE PRICE PSF | EAST BAY REGIONAL TRENDS



## CAP RATES | EAST BAY REGIONAL TRENDS



## SALE TRANSACTIONS | NOTABLE INDUSTRIAL TRANSACTIONS

Property Address	Size (SF)	Sale Price	PSF	Buyer	Type
8380 Pardee Drive, Oakland	155,000	\$40,500,000	\$261	Westcore Properties	Warehouse
2601 Goodrick Avenue, N Richmond	171,630	\$33,600,000	\$196	Demody Properties	Warehouse
1645 Drive In Way, Antioch	104,544	\$9,500,000	\$91	Markstein Sales Company	Warehouse
3202 Investment Blvd, Hayward	49,520	\$8,820,000	\$178	Lift Partners	Flex

# STATISTICS BY SUBMARKET

## LEASING ACTIVITY | EAST BAY METRO AREA

TENANT	Property Address	Size (SF)	Type
LILAC SOLUTIONS	1700 20th Street, Oakland	92,884	Flex
WEEE	2850 Volpey Way, Union City	52,939	Warehouse
KIVA BRANDS	2300 North Loop Road, Alameda	32,450	Flex

Under Construction (SF)



**2,085,536**

Average Price per SF



**\$197**

Market/ Submarket	Total Inventory	Direct SF	Sublease SF	Total SF	Direct %	Sublease %	Total %	Qtr Net Absorption	Under Construction	Average Asking Rent
<b>I-80/880</b>										
General Ind.	22,919,364	1,120,235	177,308	1,297,543	4.9%	0.8%	5.7%	68,165	117,016	\$0.83
Flex	13,541,091	927,658	100,307	1,027,965	6.7%	0.7%	7.5%	(262,241)	-	\$1.51
Warehouse	88,106,752	5,541,527	688,693	6,230,220	6.3%	0.8%	7.1%	(489,671)	661,544	\$0.99
<b>Total</b>	<b>124,567,207</b>	<b>7,589,420</b>	<b>966,308</b>	<b>8,555,728</b>	<b>6.1%</b>	<b>0.8%</b>	<b>6.9%</b>	<b>(683,747)</b>	<b>778,560</b>	<b>\$1.11</b>
<b>N. I-680</b>										
General Ind.	6,676,584	480,200	4,800	485,000	7.2%	0.1%	7.2%	(23,200)	-	\$1.04
Flex	3,171,043	86,744	48,931	135,675	2.7%	1.5%	4.2%	2,266	-	\$1.35
Warehouse	10,475,466	380,506	23,520	404,026	4.0%	0.2%	4.2%	(19,154)	594,091	\$1.23
<b>Total</b>	<b>20,323,093</b>	<b>947,450</b>	<b>77,251</b>	<b>1,024,701</b>	<b>4.8%</b>	<b>0.4%</b>	<b>5.2%</b>	<b>(40,088)</b>	<b>594,091</b>	<b>\$1.21</b>
<b>Tri-Valley</b>										
General Ind.	1,808,117	23,853	-	23,853	1.3%	0.0%	1.3%	(16,208)	-	\$1.45
Flex	6,348,165	330,684	11,915	342,599	5.2%	0.2%	5.4%	(5,982)	208,650	\$1.58
Warehouse	13,688,129	993,500	42,424	1,035,924	7.3%	0.3%	7.6%	(244,916)	504,235	\$0.95
<b>Total</b>	<b>21,844,411</b>	<b>1,348,037</b>	<b>54,339</b>	<b>1,402,376</b>	<b>6.2%</b>	<b>0.2%</b>	<b>6.4%</b>	<b>(267,106)</b>	<b>712,885</b>	<b>\$1.33</b>
<b>East Bay</b>										
General Ind.	31,404,065	1,624,288	182,108	1,806,396	5.2%	0.6%	5.7%	28,757	117,016	\$1.11
Flex	23,060,299	1,345,086	161,153	1,506,239	5.8%	0.7%	6.4%	(265,957)	208,650	\$1.48
Warehouse	112,270,347	6,915,533	754,637	7,670,170	6.2%	0.7%	6.9%	(753,741)	1,759,870	\$1.06
<b>Total</b>	<b>166,734,711</b>	<b>9,884,907</b>	<b>1,097,898</b>	<b>10,982,805</b>	<b>6.0%</b>	<b>0.7%</b>	<b>6.6%</b>	<b>(990,941)</b>	<b>2,085,536</b>	<b>\$1.21</b>



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